

ISSUE DATE: August 21, 1995

DOCKET NO. P-407,421/CP-93-401

ORDER CERTIFYING POLLING RESULTS, DIRECTING INSTALLATION OF EAS TO VIRGINIA, AND DISMISSING REQUEST FOR EAS TO BABBITT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
Joel Jacobs  
Marshall Johnson  
Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for Extended Area  
Service from the Embarrass Exchange to the  
Virginia, Babbitt, Tower, and Aurora  
Exchanges

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**PROCEDURAL HISTORY**

On April 30, 1993, subscribers in the Embarrass exchange filed a petition requesting extended area service (EAS) to the Virginia, Babbitt, Tower, and Aurora exchanges. GTE Minnesota (GTE) serves the Embarrass, Babbitt, Tower, and Aurora exchanges. US WEST Communications, Inc. (USWC) serves the Virginia exchange.

On October 28, 1993, the Commission issued an Order denying the request for EAS from Embarrass to Tower and Aurora. These routes lacked sufficient traffic volume to meet the criteria of the EAS statute, Minn. Stat. § 237.161. The Commission found that the other two routes met the traffic volume and adjacency criteria of the statute.

Between April and July, 1994, USWC and GTE filed required cost studies and proposed rates.

On August 26, 1994, the Department of Public Service (the Department) filed its report and recommendations. The Department suggested a number of new approaches to the cost studies and proposed rates. First, the Department stated that the revenue requirement component of GTE's EAS rates should reflect lower costs as well as lower contribution resulting from the elimination of access charges as the route switches from long distance to local service. The Department recommended two new rate design methods for the cost studies: 1) GTE should include all classes of service in the determination of rates, not just business and residential; and 2) GTE should not use a business to residential ratio of 2:1, but should instead be required to use the more precise ratio of 2.09:1.

GTE and the Department filed replies on September 14, 1994, and January 26, 1995,

respectively.

On March 30, 1995, the Commission issued its ORDER APPROVING COST STUDIES AND PROPOSED RATES.

Between June 2 and July 17, 1995, customers in the Embarrass exchange were polled.

On August 15, 1995, the matter came before the Commission for consideration.

## **FINDINGS AND CONCLUSIONS**

### **A. Certification of Polling Results**

#### **1. Embarrass to Virginia**

The results of the polling shows that a majority of voting subscribers in the Embarrass exchange voted in favor of EAS to the Virginia exchange. The specific results were as follows:

<u>Percent Voting</u>	<u>YES Votes</u>	<u>NO Votes</u>
70.9 percent	244	89

The one-party residential rate additive for EAS with the Virginia exchanges will be \$4.80.

#### **2. Embarrass to Babbitt**

The polling results regarding EAS to Babbitt were different. A majority of Embarrass' voting subscribers voted against this proposed route. The specific results were as follows:

<u>Percent Voting</u>	<u>YES Votes</u>	<u>NO Votes</u>
66.0 percent	113	197

The monthly rate additive established for Embarrass' residential one-party subscribers for the Embarrass-Babbitt EAS route was \$5.90.

### **B. Order for Installation**

The third and final statutory criterion for EAS is that a majority of customers responding to a poll in the petitioning exchange favor its installation. Minn. Stat. § 237.161, subd. 1 (a) (2) (1994).

Because a majority of Embarrass customers returning their ballots voted in favor of EAS to Virginia, the third and final criterion is met for this route. Accordingly, the Commission will

require GTE (the telephone company serving the Embarrass exchange) to implement EAS between Embarrass and the Virginia exchange at the earliest date possible.

To expedite and coordinate the implementation process, the Commission will order GTE to 1) coordinate implementation of Embarrass' EAS to Virginia, 2) file a schedule of the planned implementation within 60 days of this Order, and 3) update that schedule every 90 days.

**C. Authorization of Non-Recurring Charges**

If GTE wants to request recovery of non-recurring expenses caused by implementation of EAS to the Virginia exchange, the Company should submit a proposal for that at least 120 days before the planned implementation of EAS. The Minnesota Department of Public Service (the Department) will have 30 days to comment on the proposed non-recurring charge.

**D. Dismissal of the Rejected Route**

Because a majority responding to the Commission's poll voted against EAS to the Babbitt exchange, the petition for that route fails to meet the third and final EAS requirement: adequate subscriber support. Minn. Stat. § 237.161, subd. 1 (a) (1994). Accordingly, the Commission will deny the petition in that regard and, when installation of Embarrass-Virginia route has been accomplished, close this docket.

**ORDER**

1. The petition for EAS between the Embarrass and Virginia exchanges is approved. EAS between these exchanges shall begin no later than 12 months following the date of this Order.
2. Within 60 days of this Order, GTE Minnesota (GTE) shall file an implementation schedule and shall update that implementation schedule every 90 days.
3. If recovery of non-recurring costs is sought, GTE must file a request therefor at least 120 days before the planned implementation date. The Minnesota Department of Public Service (the Department) shall have 30 days to comment on any proposed charge.
4. Within 10 days of the date of the Order, GTE shall file the first of two proposed customer notices for approval by Commission staff. The notices shall list the results of the polling. After approval, the Company shall serve the notice in the first possible billing cycle in the Embarrass exchange. The notice shall include the polling results for both the Embarrass-Virginia route and the Embarrass-Babbitt route, the EAS rate additives, and the proposed implementation date for the approved route.

5. GTE shall notify its customers of the start date of the EAS by means of a second bill insert. The notification shall describe the service, instruct customers on dialing, list the additional rates to be paid and the date of implementation. The bill inserts shall be in the billing cycles that conclude one month before the EAS is implemented.
6. GTE shall submit its second notice (described in Ordering Paragraph #5) to Commission Staff for approval at least 90 days before the implementation date of the service.
7. Thirty days before implementation of EAS, GTE and U S West Communications, Inc. (USWC), the telephone company serving the petitioned Virginia exchange, shall file tariff sheets reflecting prior Commission Orders which established the rates and terms for EAS in each of the exchanges affected by the installation of the EAS.
8. The petition for EAS between Embarrass and Babbitt is denied.
9. When EAS between the Embarrass and Virginia exchanges has been established, this docket shall close.
10. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)